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No. 96-503

IN THE

Supreme Court of the United States

OCTOBER TERM, 1996

J. MICHAEL TEETS,

Petitioner,

vs.

CHROMALLOY GAS TURBINE CORPORATION,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

RESPONDENT'S BRIEF IN OPPOSITION

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INTRODUCTORY STATEMENT

This petition should be denied for two reasons. First, it fails to state a compelling error or reason justifying this Court's review. Second, the petition presents no issue which transcends the underlying dispute between the parties.

The Court of Appeals for the Federal Circuit correctly held, based upon the undisputed facts as found by the District Court, that Petitioner, as the Chief Engineer for Respondent, was employed to invent because he "received the assignment to solve GE's problem, which entailed invention."

The Federal Circuit based its decision on a clear and well established body of law. There is no split among the circuits or states as to what law applies. Contrary to the Petitioner's assertions, the Federal Circuit did not reweigh the evidence or make new "law," but rather, it issued a decision based on the District Court's undisputed Findings of Fact, and directly in line with both Florida law and Supreme Court precedent.

The petition, therefore, should be denied.

LIST OF ALL PARTIES TO THE PROCEEDING

The Petitioner is J. Michael Teets.

The Respondent is Chromalloy Gas Turbine Corporation.

Petitioner, however, incorrectly listed additional parties to the proceeding. Neither Chromalloy American Corporation nor Sequa Corporation were named as parties in the proceedings below.

TABLE OF CONTENTS

	Page
INTRODUCTORY STATEMENT	i
LIST OF ALL PARTIES TO THE PROCEEDING	ii
TABLE OF CONTENTS	iii
TABLE OF AUTHORITIES	v
RESPONDENT'S BRIEF IN OPPOSITION TO PLAINTIFF'S PETITION FOR WRIT OF CERTIORARI	1
STATEMENT OF JURISDICTION	1
STATEMENT OF THE CASE	2
A. Correction of Misstatements and Omissions in the Petition	2
B. Proceedings Below	3
THE EMPLOYED TO INVENT RULE AND THE FLORIDA STANDARD	4
REASONS FOR DENYING THE WRIT	6
A. The Federal Circuit's Decision Does Not Conflict with *Dubilier* or *Bourne*	6
B. The Federal Circuit Decision Is Directly In Line With Florida law and Supreme Court Precedent	8
C. The Petition States No Justification For Review By This Court	9
CONCLUSION	10

TABLE OF AUTHORITIES

Cases:	**Page**
Aloe Creme Laboratories, Inc. v. Farkas, 145 U.S.P.Q. 649 (S.D. Fla. 1965)	5
E.F. Drew & Company v. Reinhard, 170 F.2d 679, 79 U.S.P.Q. 252 (2nd Cir. 1948)	5
Hapgood v. Hewitt, 119 U.S. 226 (1886)	5
Houghton v. United States, 23 F.2d 386 (4th Cir.), *cert. denied*, 277 U.S. 592 (1928)	6
Magnetic Mfg. Co. v. Dings Magnetic Separator Co., 16 F.2d 739 (7th Cir. 1926), *cert. denied*, 274 U.S. 740 (1927)	5
Solomons v. United States, 137 U.S. 342 (1890)	4-6
Standard Parts Co. v. Peck, 264 U.S. 52 (1924)	4, 6, 8
State Bd. of Education v. Bourne, 7 So.2d 838 (1942)	5, 8
State v. Neal, 12 So. 2d 590 (Fla.), 57 U.S.P.Q. 175, *cert. denied*, 320 U.S. 783 (1943)	4-6, 8
Teets v. Chromalloy Gas Turbine Corporation, 83 F.3d 403, 38 U.S.P.Q.2d 1695 (Fed. Cir. 1996)	2-4, 8
United States v. Dubilier Condenser Corporation, 289 U.S. 178 (1933)	6-8
Miscellaneous:	
6 Chisum, *Patents*, § 23.03[2]	6

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RESPONDENT'S BRIEF IN OPPOSITION TO PLAINTIFF'S PETITION FOR WRIT OF CERTIORARI

Respondent, Chromalloy Gas Turbine Corporation ("Chromalloy"), submits this brief in support of its request that the Court deny the petition for writ of certiorari seeking review of the opinion of the Court of Appeals for the Federal Circuit as reported at 83 F.3d 403, 38 U.S.P.Q.2d 1695 (Fed. Cir. 1996).

STATEMENT OF JURISDICTION

Petitioner's Statement of Jurisdiction is correct.

STATEMENT OF THE CASE

A. Correction of Misstatements and Omissions in the Petition

The petition inexplicably omits crucial undisputed facts which formed the basis of the Federal Circuit's decision. Neither party disputed the District Court's Findings of Fact on appeal.

Glaringly omitted from the Petition is the fact that "Teets was named *chief engineer* of the GE90 Project [and] spent at least 70% of his time on the GE90 Project." See ¶ 14 of District Court Findings at A-17 of Petition (emphasis added).

In the opinion of the Federal Circuit the undisputed facts regarding the employment relationship unequivocally established that Chromalloy specifically directed Teets to solve the Project's problem. *Teets v. Chromalloy Gas Turbine Corporation*, 83 F.3d at 408-09. It just so happened that to solve that problem Teets came up with an invention which was a direct result of his assigned work on the Project.

Contrary to Petitioner's puzzling characterization of the Project and his assignment, Petitioner omits the fact that both the District Court and the Federal Circuit found that "GE requested proposals from DRB, decided to try two of the methods proposed, and stated that if DRB could successfully manufacture an economical one-piece leading edge whether by diffusion bonding or otherwise, GE would be interested in entering a long term contract."[1] See District Court opinion at A-21 of the Petition; *see also Teets*, 83 F.3d at 408 ("[T]he specific goal of the project was to develop a one-piece leading edge .... GE specifically and repeatedly expressed a desire for a one-piece solution.").

Also omitted from the petition was the fact that Chromalloy paid Teets for his (and Chromalloy's) efforts to develop

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[1] "DRB" refers to DRB Industries, a division of Chromalloy Gas Turbine Corporation.

the invention for the Project, paid for the tools, facilities, and testing of the invention for use on the Project, and also paid for filing a patent application for the invention at Teets' request. *Teets*, 83 F.3d at 408. Indeed, another important fact Petitioner omitted was that Teets himself acknowledged several times that the invention was "developed" by DRB (the company) for the GE 90 Project. *Id.*

Curiously, these undisputed facts are not mentioned in the petition. Each, however, formed a basis of the Federal Circuit's ruling that under Florida law and Supreme Court precedent Chromalloy, the employer, owned the invention.

B. Proceedings Below

The District Court acknowledged the aforementioned facts and even stated that such facts supported the conclusion that Chromalloy owned the invention. See District Court Conclusion at A-21 of Petition. But, the District Court, without citing any legal authority, erroneously concluded that Teets owned the invention based upon additional considerations never before used as criteria for determining invention ownership, i.e., DRB never previously applied for a patent, or entered the business of "inventing" apart from manufacturing or developing ways to manufacture, and no written contract was ever executed between the parties. *Teets*, 83 F.3d at 408-09; *see* District Court Conclusion at A-21, A-22 of Petition.

The Federal Circuit and Chromalloy accepted the District Court's Findings of Fact for purposes of the appeal, and Chromalloy only appealed from the District Court's Conclusion of Law. The Federal Circuit reviewed the District Court's conclusion for clear error. *Teets*, 83 F.3d at 408.

In reversing the District Court, the Federal Circuit correctly observed that the additional considerations upon which the District Court relied to rule in Teets' favor were simply irrelevant, as a matter of law, to the "employed to invent" and invention ownership determinations. *Id.* Thus, contrary to Petitioner's assertion, the only question before the Federal

Circuit was whether the District Court clearly erred in deciding the conclusion of law.

Specifically, the Federal Circuit held that the "undisputed facts show an implied-in-fact contract of assignment between Teets and DRB." *Id.* The Federal Circuit reversed the District Court because it "committed legal error" by ignoring the facts concerning the employment relationship as dictated by Florida law and Supreme Court precedent. *Id.* The District Court erroneously focused on irrelevant additional considerations that could not, as a matter of law, detract from the conclusion that Teets was employed to invent, and that an implied contract was created by the terms of Teets' employment at DRB. *Id.*

The Federal Circuit found that the District Court's Findings of Fact supported no other conclusion but that Teets was lawfully employed to invent under Florida law and Supreme Court precedent.

THE EMPLOYED TO INVENT RULE AND THE FLORIDA STANDARD

It is well settled that if an employee is hired and paid for the express purpose of using his skills and experience in the interest of his employer, the employer is entitled to any invention made by him in the performance of that employment. *Standard Parts Co. v. Peck*, 264 U.S. 52 (1924); *Solomons v. United States*, 137 U.S. 342 (1890); *State v. Neal*, 12 So. 2d 590 (Fla.), 57 U.S.P.Q. 175, *cert. denied*, 320 U.S. 783 (1943).

The "employed-to-invent" rule has been succinctly stated by the Supreme Court:

> If one is employed to devise ... a means for accomplishing a prescribed result, he cannot, after successfully accomplishing the work for which he was employed, plead title thereto as against his employer. That which he has been employed and paid to accomplish becomes, when accomplished, the property of his employer. Whatever rights as an

> individual he may have had in and to his inventive powers, and that which they are able to accomplish, he has sold in advance to his employer.

Solomons, 137 U.S. at 346.

No express or written contract to invent is necessary. *E.F. Drew & Co. v. Reinhard*, 170 F.2d 679, 682, 79 U.S.P.Q. 252, 255 (2d Cir. 1948); *Magnetic Mfg. Co. v. Dings Magnetic Separator Co.*, 16 F.2d 739, 740-41 (7th Cir. 1926), *cert. denied*, 274 U.S. 740 (1927); *Neal*, 12 So. 2d at 592, 57 U.S.P.Q. at 177. The circumstances surrounding the employment can create an implied obligation upon an employee to assign any rights to an invention made pursuant to the employee's job responsibilities for the employer. *Id.*

If on the other hand the employment is general, though it may cover a field of labor and effort in the performance of which the employee conceived the invention, the contract is not so broadly construed as to require the assignment of the patent. *Hapgood v. Hewitt*, 119 U.S. 226 (1886).

Florida law follows the employed-to-invent rule. *See, e.g., Aloe Creme Labs., Inc. v. Farkas*, 145 U.S.P.Q. 649, 650-51 (S.D. Fla. 1965); *Neal*, 12 So. 2d at 591, 57 U.S.P.Q. at 176-77; *State Bd. of Educ. v. Bourne*, 7 So. 2d 838 (1942). Under Florida law, which is consistent with the aforesaid United States Supreme Court precedent, an employee is employed-to-invent "if the contract for employment by express terms or unequivocal inference shows that the employee was hired for the express purpose of producing the thing patented ... [the employer] must show that the employment was for the specific purpose of making the invention." *Neal*, 12 So. 2d at 591.

The Florida Supreme Court looks at a variety of factors to determine whether the employment was for the specific purpose of making the invention. As the District Court below correctly observed, these factors include: (1) the purpose of the project; (2) the employee's role in the project; (3) whether the employee used the employer's facilities to perfect the

idea; (4) who paid for the expenses of patenting the invention; and (5) the employee's assigned task of developing a better method which his invention ultimately achieved. *Id.*

It is important to note that the focus of the employed-to-invent rule is not whether the invention, per se, was the subject of the employment, but whether the circumstances of the employment gave rise to the invention, i.e., whether the invention was an outgrowth of the performance of the work, within the scope of the employee's job responsibilities, and for which the employee was paid. This is because the law recognizes that if an employee is directed to devise a means for accomplishing a prescribed result, his employment from that time hence is for the express purpose of accomplishing the directed result, including any inventions made in the course thereof. The employee has only produced that which he was employed to do. *Solomons*, 137 U.S. at 346; *Neal*, 12 So. 2d at 591, 57 U.S.P.Q. at 176-77; *accord*, *Standard Parts*, 264 U.S. at 59-60 (holding that where a paid employee agreed "to devote his time to the development of a process or machinery", and "[received] a stated compensation," his invention belonged to the employer); *United States v. Dubilier Condenser Corporation*, 289 U.S. 178 (1933) (one who succeeds in making an invention he was employed to make is bound to assign to his employer any patent he obtains); *Houghton v. United States*, 23 F.2d 386, 390 (4th Cir.), *cert. denied*, 277 U.S. 592 (1928); 6 Chisum, *Patents*, § 23.03[2], at 22-29 (1993) ("An employer will own the rights to a patentable invention of an employee if the employee was either initially hired or *later directed to solve a specific problem* or to exercise his/her 'inventive faculties' in an area." [Emphasis added]).

REASONS FOR DENYING THE WRIT

A. The Federal Circuit's Decision Does Not Conflict with *Dubilier* or *Bourne*

The *Dubilier* case, which Petitioner quotes from extensively and relies upon so heavily in his petition, is taken completely out of context. The following is a quotation from

the *Dubilier* case which clearly sets forth the facts upon which the Supreme Court made its determination:

> Dunmore and Lowell [the inventors] were employed in the radio section [of the U.S. Bureau of Standards] and engaged in research and testing in the laboratory. In the outlines of laboratory work the subject of "airplane radio" was assigned to the group of which Dunmore was chief and Lowell a member. The subject of "radio receiving sets" was assigned to a group of which J.L. Preston was chief, but to which neither Lowell nor Dunmore belonged.

Dubilier Condenser Corp., 289 U.S. at 183-85. The Supreme Court later continued:

> In the Fall of 1921 both Dunmore and Lowell were considering the problem of applying alternating current to broadcast receiving sets. **This project was not involved in or suggested by the problems with which the radio section was then dealing and was not assigned by any superior as a task to be solved by either of these employees. It was independent of their work and voluntarily assumed.**[2]

Id. (Emphasis added).

In brief, inventors Dunmore and Lowell were assigned to work on an operating relay for the remote control of bombs on airplanes and torpedoes but the invention in dispute involved applying alternating current to broadcast receivers. The Supreme Court observed that their invention was not even "suggested by the problems with which the radio section was then dealing...." *Dubilier*, 289 U.S. at 183-85. Under similar circumstances, where the employee's invention was

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[2] The Court should also note that the inventors in *Dubilier* filed a patent on their own. Petitioner, on the other hand, approached Chromalloy to file a patent for the invention because he understood the invention belonged to Chromalloy.

conceived before undertaking to work on a problem for his employer, *Bourne* held that the invention belonged to the employee. *Bourne*, 7 So. 2d at 841.

B. The Federal Circuit Decision Is Directly In Line With Florida law and Supreme Court Precedent

This case presents no issue that would resolve a conflict among the circuits or the states or an inconsistency among prior Supreme Court precedent. To the contrary, the Federal Circuit applied the very factual findings of the District Court and simply held, based on those findings, that Florida law and Supreme Court precedent compelled the conclusion that the invention belonged to the employer.

In complete contrast to the *Dubilier* and *Bourne* decisions, Teets' invention was a direct result of the manufacturing problem presented by GE to DRB, and DRB's work on the GE90 Project. Indeed, the invention has no purpose outside the context of that project. Teets was specifically assigned to the GE90 Project, and was expected, as DRB's Chief Engineer on that Project, to work on and solve that problem.

Thus, unlike the facts in *Dubilier* and *Bourne*, Teets was not working outside the scope of the GE90 Project. His work was at the very heart of the GE90 Project; the invention, a **process** to make leading edges for the GE90 engine, has no other function or purpose.

Accordingly, the Federal Circuit properly relied upon the *Bourne* and *Neal* factors and focused on the employment relationship to find that an implied contract was created between Teets and Chromalloy. No facts were reweighed because all facts were deemed undisputed. The Federal Circuit held, as a matter of law, that the District Court committed legal error by relying on considerations irrelevant to the employed to invent determination as set forth in *Neal*, *Bourne*, *Standard Parts*, and *Dubilier*. *Teets*, 83 F.3d at 408.

C. The Petition States No Justification For Review By This Court

Petitioner wrongly asserts that the Federal Circuit decision will now allow every employer's "goal or dream to be a basis for an implied contract to invent." This case does not transcend the dispute between the parties, i.e., the factual circumstances surrounding Teets' employment relationship at Chromalloy (DRB) and the legal consequences derived from the established precedent. The undisputed facts established that Teets' invention was a direct outgrowth of his assigned work and well within his paid job responsibilities as chief engineer at DRB. The Federal Circuit's decision was correct, as a matter of law, because it simply applied well established Florida law and Supreme Court precedent.

CONCLUSION

No reversible error can be attributed to the Federal Circuit's decision, and therefore, review of that decision is unwarranted. The petition for writ of certiorari should, therefore, be denied.

Respectfully submitted,

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